

## Message Text

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PAGE 01 BONN 04445 111723Z  
ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-08  
FRB-03 INR-07 NSAE-00 SP-02 STR-04 LAB-04 SIL-01  
OMB-01 /049 W  
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R 111713Z MAR 77  
FM AMEMBASSY BONN  
TO SECSTATE WASHDC 6428  
DEPARTMENT TREASURY  
INFO AMEMBASSY PARIS  
AMEMBASSY LONDON  
AMEMBASSY ROME  
USMISSION EC BRUSSELS  
USMISSION OECD PARIS

C O N F I D E N T I A L BONN 04445

E.O. 11652: GDS  
TAGS: EFIN, GW  
SUBJECT: EC MONETARY COMMITTEE ON IMF MATTERS

REF: EC BRUSSELS 2308

1. OUR CONTACTS (PROTECT, TREAT NOFORN) CHARACTERIZE THE LAST MONETARY COMMITTEE DISCUSSION ON IMF MATTERS AS THE FIRST ONE IN THE HISTORY OF THE COMMITTEE WHERE ALL WAS SWEETNESS AND LIGHT WITH NO TENSIONS OR SIGNIFICANT DISAGREEMENTS. THEY CONSIDER ITALIAN SUPPORT FOR NEW SDR ALLOCATION AND LARGE QUOTA INCREASE AS LARGELY PRO-FORMA AND FEEL THAT COMMITTEE HAS REACHED CLEAR CONSENSUS AGAINST NEW SDR CREATION AND IN FAVOR OF "REASONABLE" AS OPPOSED TO 50 PERCENT QUOTA INCREASE. GERMANS, HOWEVER, NOW ARE MOVING TOWARD POSITION FOR SIGNIFICANT INCREASE IN GERMAN QUOTA AND VOTING WEIGHT IN IMF MORE IN LINE WITH THEIR FINANCIAL POSITION.

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2. GERMANS ARE STILL MULLING OVER VARIOUS WAYS OF INCREASING IMF LENDING AND BORROWING ALONG LINES PARA 8 AND 9 REFTEL. THEIR MAIN PROBLEM REMAINS THAT ON ONE HAND BUNDESBANK FOREIGN EXCHANGE RESERVES ARE MAIN FEASIBLE SOURCE OF FINANCING GERMAN CONTRIBUTION, WHILE ON THE OTHER HAND, NEED IN MANY

CASES IS FOR MEDIUM TO LONG TERM TYPE OF ASSISTANCE WHICH NOT A PROPER (OR LEGAL?) FORM OF INVESTMENT FOR FOREIGN EXCHANGE RESERVES. WHILE GERMANS FULLY SHARE DESIRE TO TAP OIL COUNTRIES' RESOURCES, THEY SEE DILEMMA IN LIKELY OIL COUNTRY INSISTENCE ON HIGH INTEREST PAYMENTS. ON ONE HAND IT WOULD BE DIFFICULT FOR OTHERS, SUCH AS THE FRG, TO LEND TO IMF AT LOWER RATES THAN OIL COUNTRIES. ON OTHER HAND, BORROWERS LIKE PORTUGAL, ETC., NEED LOW INTEREST LOANS. GERMANS DEFINITELY WOULD LIKE TO PRESERVE GAB AS IS AND SUPPLEMENT RATHER THAN REPLACE IT WITH ADDITIONAL GROUP. GERMANS READY TO SUPPORT EXPANSION OF IMF EXECUTIVE DIRECTORS TO 21 IN ORDER TO MAKE ADDITIONAL PLACE FOR AN OIL COUNTRY REPRESENTATIVE.

3. OUR CONTACTS GIVE US THE IMPRESSION THAT MANY FINANCE MINISTRY OFFICIALS FROM OTHER EC COUNTRIES ARE AS COOL TOWARD OECD FINANCIAL SUPPORT FUND AS IS GERMAN FINANCE MINISTRY. IN MOST COUNTRIES, THEY SAY, SUPPORT FOR THE FUND IS CENTERED IN FOREIGN MINISTRIES, BUT NO ONE IS READY TO VERY ACTIVELY URGE THE US TO RATIFY.  
STOESSEL

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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
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**Disposition Reason:**  
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**TAGS:** EFIN, GE, IMF  
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**Review Markings:**  
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